

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

AGRE-00 AF-08 ARA-06 EA-07 NEA-10 /136 W

----- 104204

R 031335Z SEP 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4651

INFO ALL EC CAPITALS 0169

USDEL MTN GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 25734

E.O. 11652: GDS

TAGS: ETRD, MTN, FR

SUBJ: A FRENCH VIEW ON MTN PROSPECTS

BEGIN SUMMARY. SENIOR FOREIGN OFFICE ECONOMIC OFFICIAL EXPRESSES DOUBT THAT 1977 MTN DEADLINE CAN BE MET. HE CITED FRENCH POPULAR IMPRESSION THAT USG IS DETERMINED TO DIVIDE EUROPEAN COMMUNITY AND DESTROY THE COMMON AGRICULTURAL POLICY (CAP), AND THAT THIS CONVICTION -- HOWEVER WRONG IT MAY BE -- GREATLY COMPLICATES THE MTN PROCESS. HE ADDED THAT SHOULD FRANCE WIND UP ISOLATED IN DEFENDING THE CAP, THE FRENCH WOULD NOT MIND. HE RAISED QUESTION ABOUT WHETHER ULTIMATELY KEY MTN DECISIONS WOULD HAVE TO BE BASICALLY POLITICAL DECISIONS AND IN RELATED CONTEXT EXPRESSED HOPE THAT NEW FRENCH GOVERNMENT WOULD BE PREPARED TO TAKE NECESSARY HARD DECISIONS, HOWEVER UNPOPULAR THEY MIGHT BE. END SUMMARY.

1. DURING LUNCH WITH ECON MINISTER ON SEPTEMBER 1,
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HENRI FROMENT-MEURICE, DIRECTOR, ECONOMIC AND FINANCIAL

AFFAIRS, MFA, MADE SEVERAL COMMENTS ON MTN PROSPECTS.

2. IN RESPONSE TO MENTION THAT TWO OF THE EMBASSY'S ECON OFFICERS WERE MAKING THE ROUNDS OF THE FRENCH ECON MINISTRIES TO GET A FEEL FOR THE PRESENT FRENCH MOOD ON THE MTN, F-M SAID HE EXPECTED THEY WOULD ENCOUNTER QUOTE GLOOM-GLOOM-GLOOM UNQUOTE. HE SAID THAT DESPITE OUR LEADERS' CONFIDENT ASSERTIONS AT RAMBOUILLET AND PUERTO RICO, HE WAS CURRENTLY NOT AT ALL SURE THAT THE 1977 DEADLINE COULD BE MET.

3. EXPANDING ON THIS THEME, HE SAID IT WAS EASY ENOUGH FOR US ALL TO AGREE ON THE DESIRABILITY OF FREE TRADE, BUT ALL TOO OFTEN DOMESTIC CONSIDERATIONS LEAD US TO INTRODUCE MEASURES WHICH ARE INCONSISTENT WITH FREE TRADE. WE ALL OFFEND IN THIS WAY, HE SAID. NEVERTHELESS, HE ADDED, HE THOUGHT THAT THE USG BY ITS ACTIONS--WHICH SPEAK MUCH LOUDER THAN ANY WORDS WE MAY USE AS TO THE PURITY OF OUR INTENTIONS (AND HE DID NOT CHALLENGE THE PURITY OF OUR INTENTIONS)--HAS CREATED IN MANY FRENCH MINDS AN UNMISTAKABLE IMAGE OF OPPOSITION TO EC AGRICULTURE POLICIES, THE POINT WHICH MOST INHIBITS PROGRESS IN THE MTN. HE SAID THAT AS AN OCCASIONAL RESIDENT OF BRITTANY, HE REGULARLY READS A SMALL AGRICULTURAL PAPER FROM THAT AREA. THIS PAPER IS RUN BY CONSERVATIVES, AND FOLLOWS A CONSERVATIVE EDITORIAL LINE. YET THEY ARE CONVINCED THAT THE USG IS OUT TO DIVIDE THE EUROPEAN COMMUNITY AND DESTROY THE CAP. F-M QUESTIONS THE WISDOM OF CREATING SUCH AN IMAGE. HE REALIZED THAT SOME OF FRANCE'S EC PARTNERS MAY REGARD THE CAP AND ITS RELATIONSHIP TO THE U.S. IN A DIFFERENT LIGHT, BUT HE SAID, AND REPEATED SEVERAL TIMES (BUT IN NO SENSE BELLIGERENTLY), THAT FRANCE WOULD NOT MIND AT ALL IF SHE WOUND UP TOTALLY ISOLATED IN DEFENDING THE CAP.

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4. MINECON POINTED OUT THAT WHETHER OR NOT THE GOF OR
USG WANTED IT, A SOCIAL REVOLUTION WAS OCCURRING IN
FRANCE AS THE PERCENTAGE OF POPULACE IN THE AGRICULTURAL
SECTOR DECIINES STEADILY, AND URBANIZATION AND INDUSTRI-
ALIZATION GROW RAPIDLY. OUR CONCERN WAS THE EXTERNAL
EFFECTS OF CAP, WHERE WE THINK WE HAVE A LEGITIMATE
INTEREST. HE ADDED THAT TIME AND AGAIN THE PRESIDENT OF
THE U.S. AND HIS ADMINISTRATION HAVE COME DOWN ON THE
SIDE OF FREE TRADE, IN THE HUNDREDS OF CASES BROUGHT
BEFORE THE U.S. INTERNATIONAL TRADE COMMISSION. JUST A
FEW DAYS AGO, FOR THE UMPTEENTH TIME, AN ANNOUNCEMENT
WAS MADE OF A PRESIDENTIAL DETERMINATION THAT A RECOM-
MENDED INCREASE IN DUTY WOULD NOT BE IN THE NATIONAL
ECONOMIC INTEREST. THIS WAS IN THE CASE OF HONEY, A
HUNDRED MILLION DOLLAR A YEAR BUSINESS IN THE U.S.
DESPITE A USITC FINDING THAT INCREASED IMPORTS WERE
THREATENING SERIOUS INJURY TO THE DOMESTIC HONEY
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INDUSTRY, THE PRESIDENT MADE THIS DECISION FAVORING
FREE TRADE, JUST AS HE HAD IN MANY OTHER SUCH CASES.

5. MINECON WENT ON TO POINT OUT THAT EVEN IN SHORT RUN,
TO SAY NOTHING OF LONGER RUN, IT APPEARED THAT FRANCE
WOULD STAND TO BENEFIT GREATLY FROM A MORE LIBERAL TRADE
REGIME, AND HE HOPED THAT SOME FRENCHMEN AND SOME
AMERICANS, AT LEAST, COULD MANAGE TO AGREE ON THIS
SUFFICIENTLY TO MAKE THE MTN A SUCCESS. F-M ASKED IF
THIS MEANT THAT ULTIMATELY THE KEY DECISIONS IN MTN
WOULD HAVE TO BE POLITICAL DECISIONS. MINECON SAID HE

THOUGHT THIS WOULD HAVE TO BE THE CASE, AND HE HOPED
THAT ON BOTH SIDES OUR LEADERS WOULD BE READY TO TAKE
THE HARD DECISIONS WHICH MIGHT BE NECESSARY.

6. F-M, WHILE NOT RESPONDING DIRECTLY TO THIS COMMENT,
SAID IN SEVERAL WAYS AND AT SEVERAL TIMES, THAT HE HOPED
THE NEW BARRE GOVERNMENT WOULD NOT DELUDE ITSELF INTO
THINKING IT COULD RESOLVE ALL PROBLEMS WITH SWEETNESS
AND LIGHT AND AGREEMENT ON ALL SIDES, BUT WOULD BE
PREPARED TO TAKE THE NECESSARY HARD DECISIONS, HOWEVER
UNPOPULAR THEY MIGHT BE.
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